

General Fund Mid-Year Budget Update

City Council Worksession
February 10, 2015

Presentation Overview

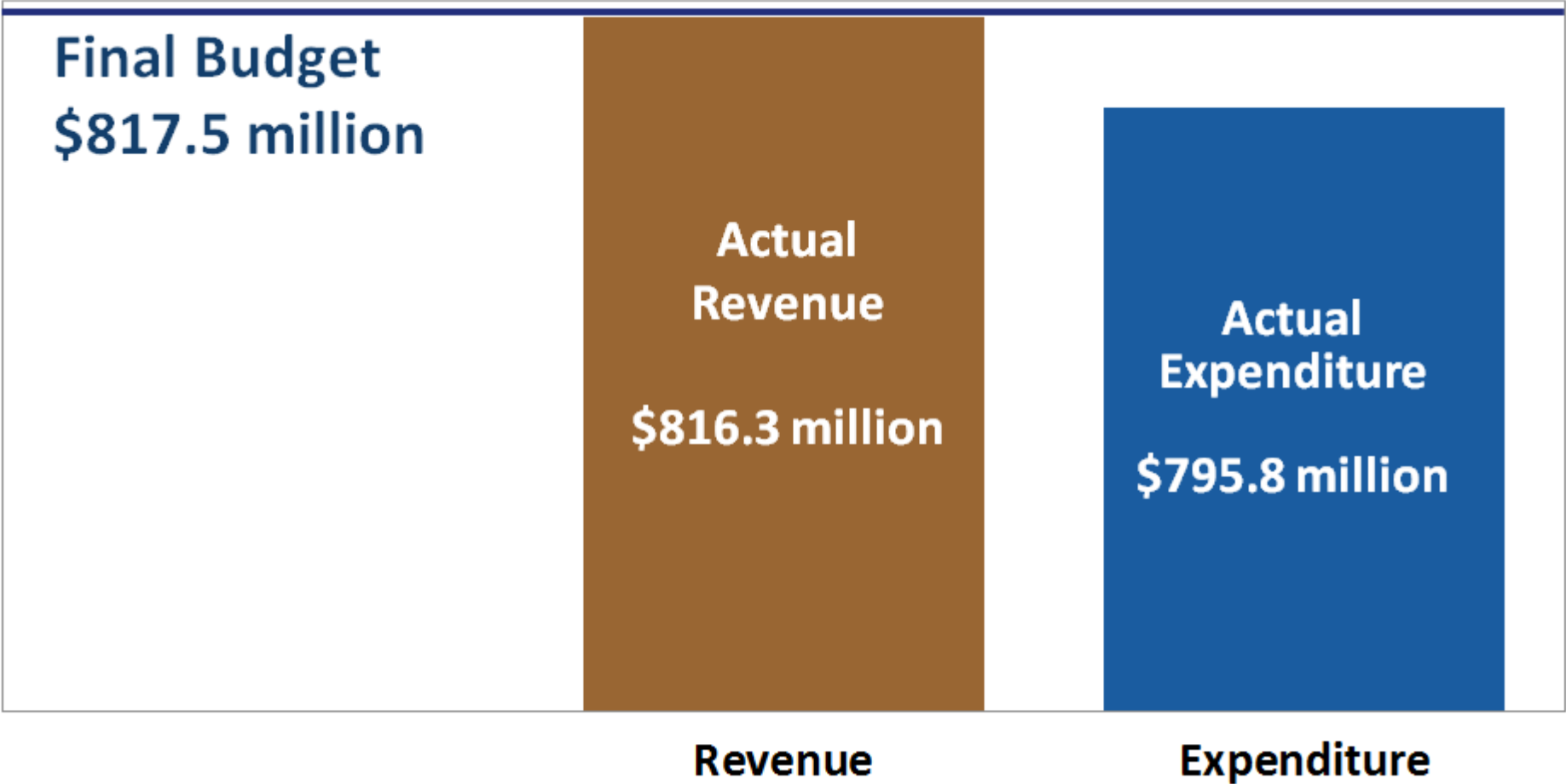
- The presentation provides an update of the city's financial condition
- The presentation discusses:
 - **Where we have been - FY 2014 Year-End Review - Positive**
 - **Where we are now - Mid-Year FY 2015 Update - Positive**
 - **Where we are going - FY 2016 onward - Stable**
- Today's discussion will lay the groundwork for the budget in FY 2016, FY 2017 and beyond



General Fund FY 2014 Results

\$4.0 million variance (0.5 percent)

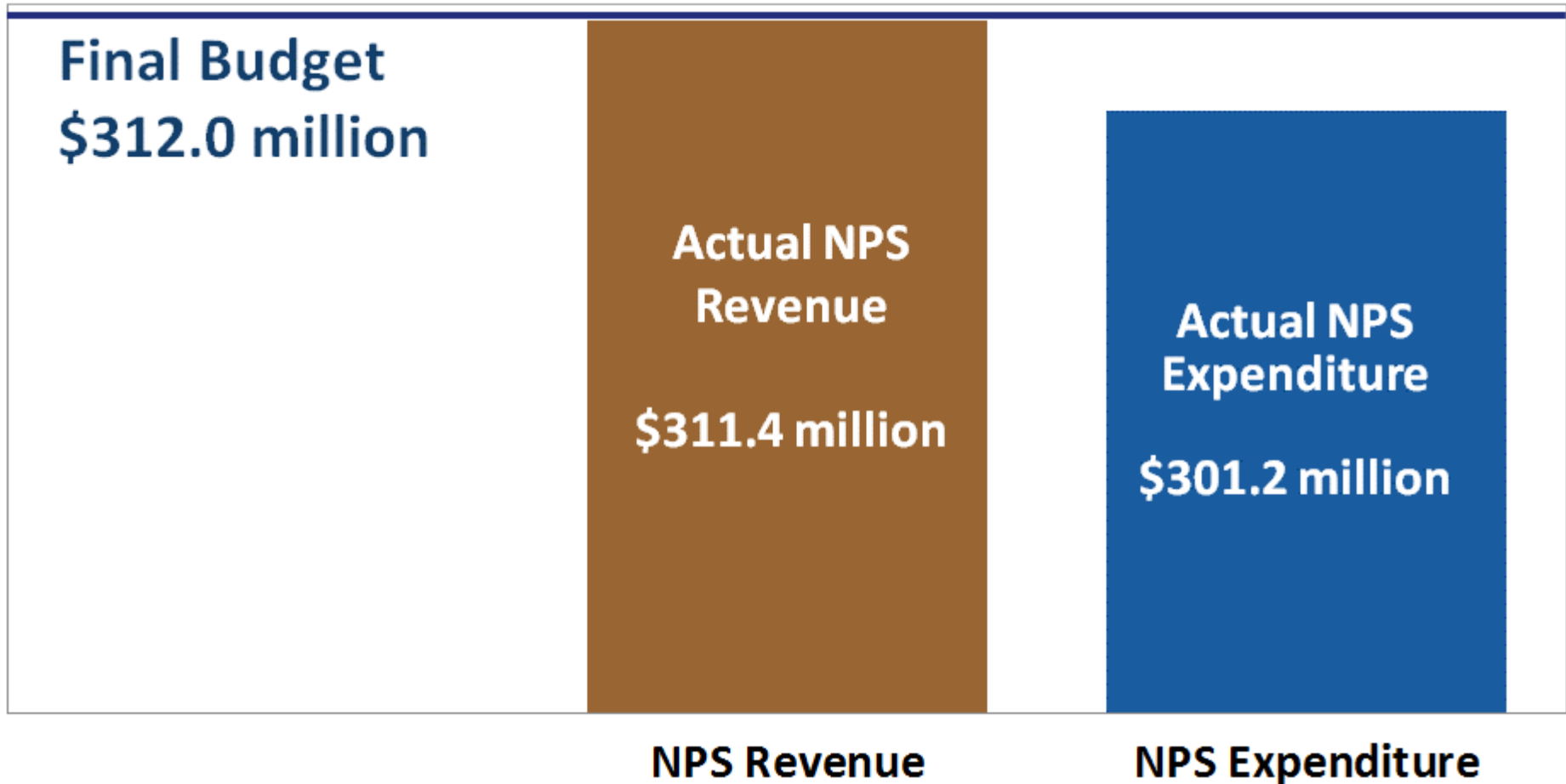
Variance reflects accounting for other resources, carryforward and designations and does not include Norfolk Public Schools' year-end variance



Norfolk Public Schools (NPS) FY 2014 Results

\$3.4 million variance (1.1 percent)

Variance of the NPS operating budget reflects accounting for other resources, carryforward and designations



Use of Variance: NPS (\$3.4) and City (\$4.0)

\$3.4 million This is available to Norfolk Public Schools to address FY 2016 needs

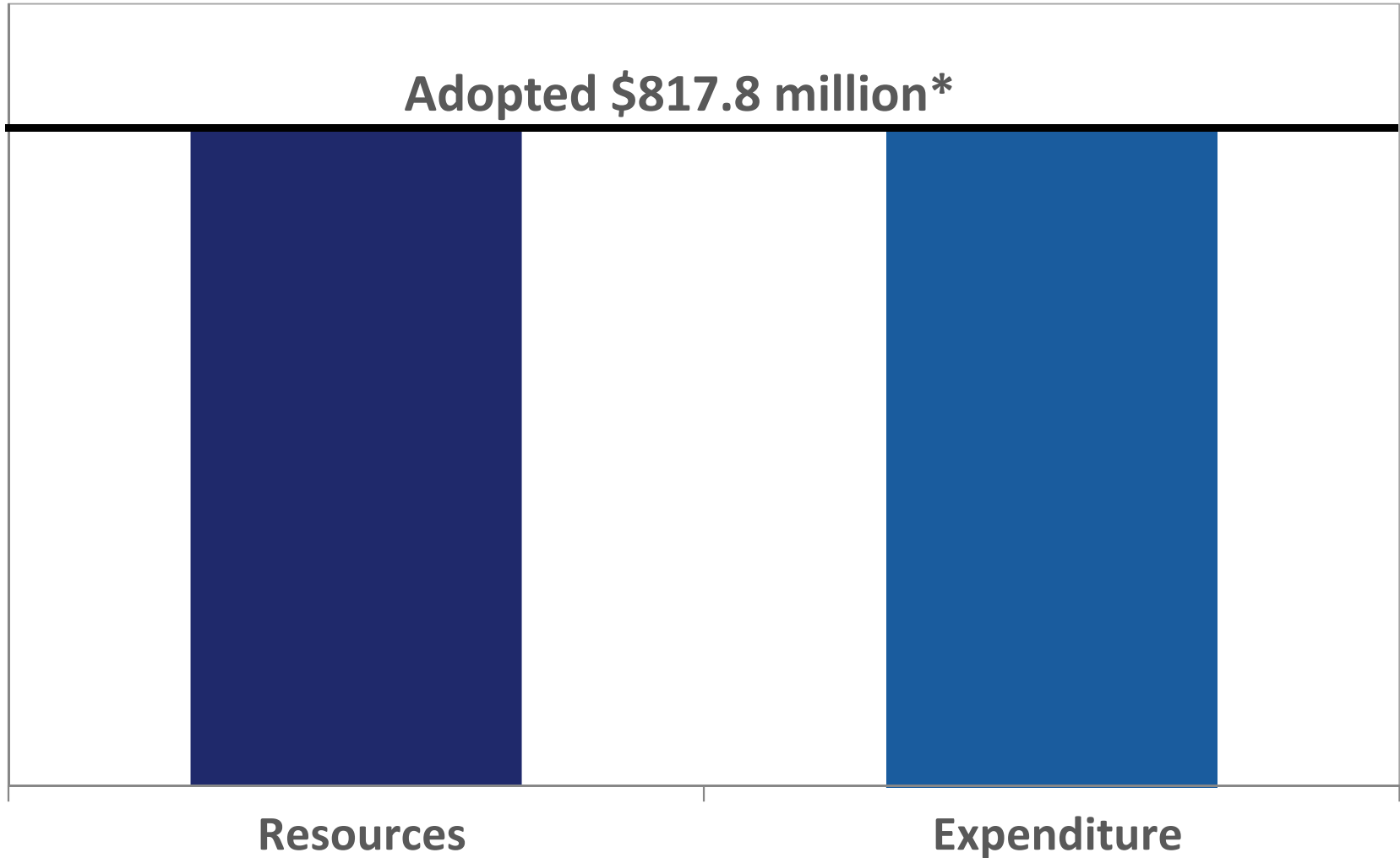
\$2.0 million Previously designated by Council for reserves (Risk Management and Economic Downturn)

\$2.0 million Offset state reduction in aid to localities

Where We Are Now

Mid-Year FY 2015

FY 2015 General Fund Budget



* Amended budget in October to \$821.7 million

Mid-Year FY 2015 Budget Update

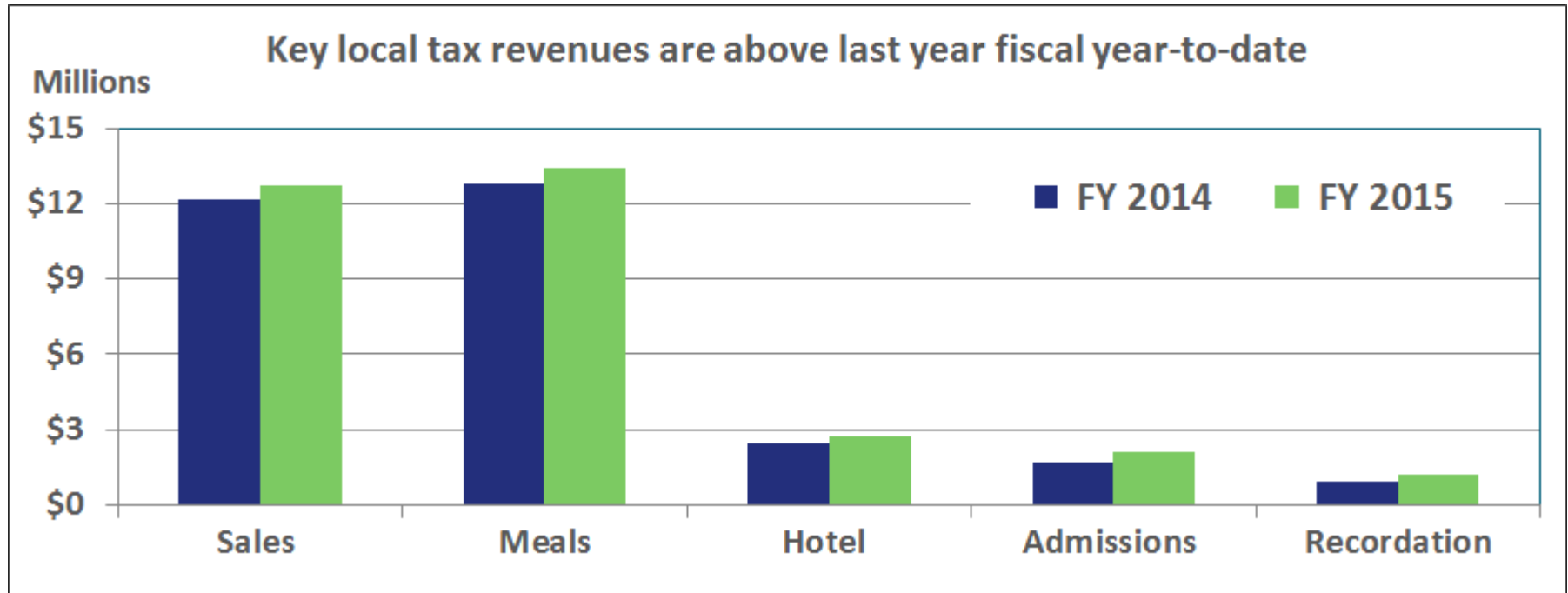
Year-to-date, the general fund is tracking the budget

Preliminary FY 2015 Year-End Estimate:

- General Fund Revenue: 0.5 percent less
- General Fund Expenditure: 0.5 percent - 1.0 percent
- Budget Variance: 0.5 percent

Mid-Year Budget Update (continued)

- Key locally generated tax revenues currently tracking higher fiscal year-to-date than last year
 - These sources account for about 8 percent of the budget



Note: Figures reflect business activity through December (except sales tax which is through November).

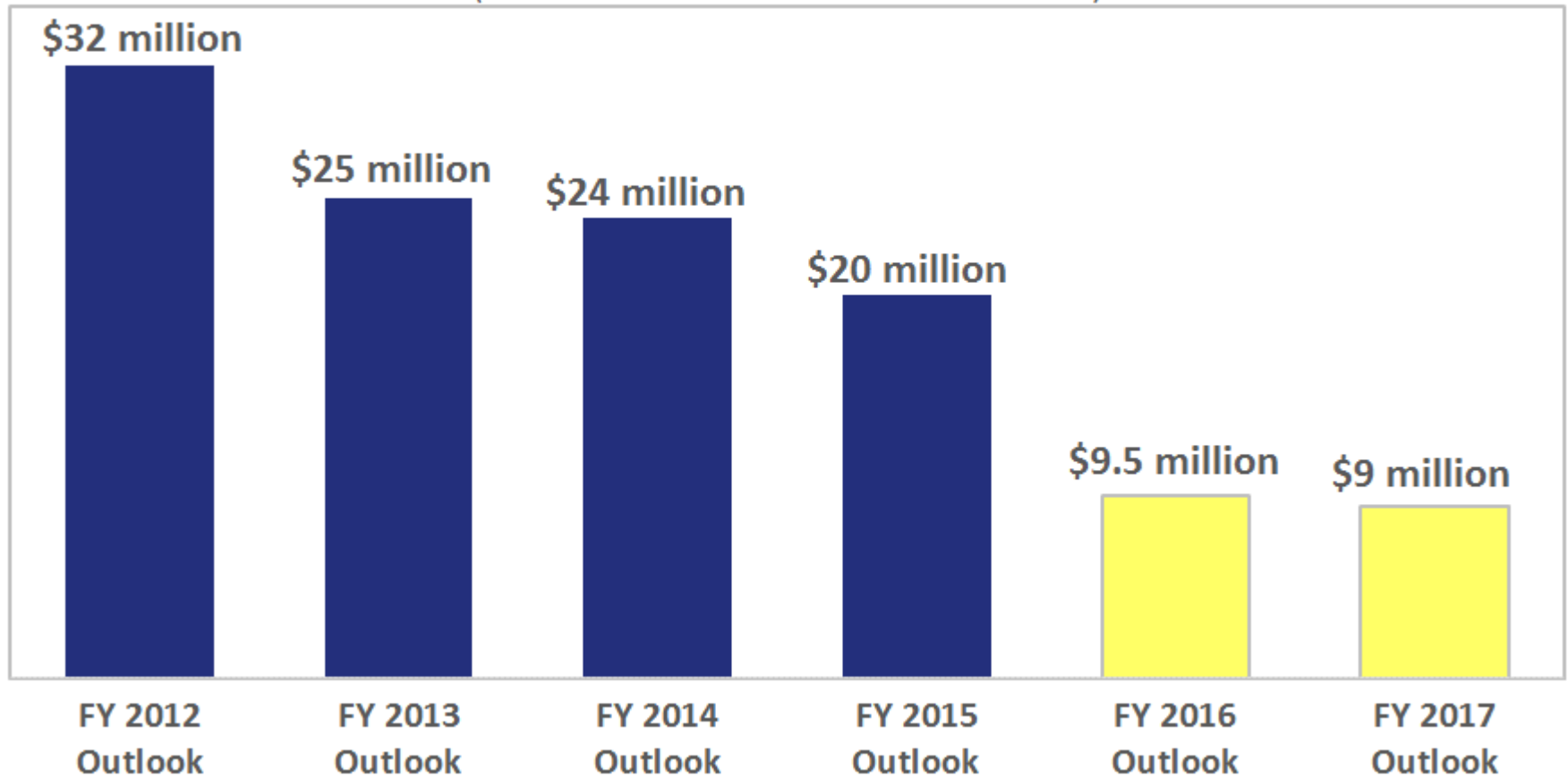
Where We Are Going

FY 2016 and beyond

Historical Snapshot of Preliminary Budget Gap

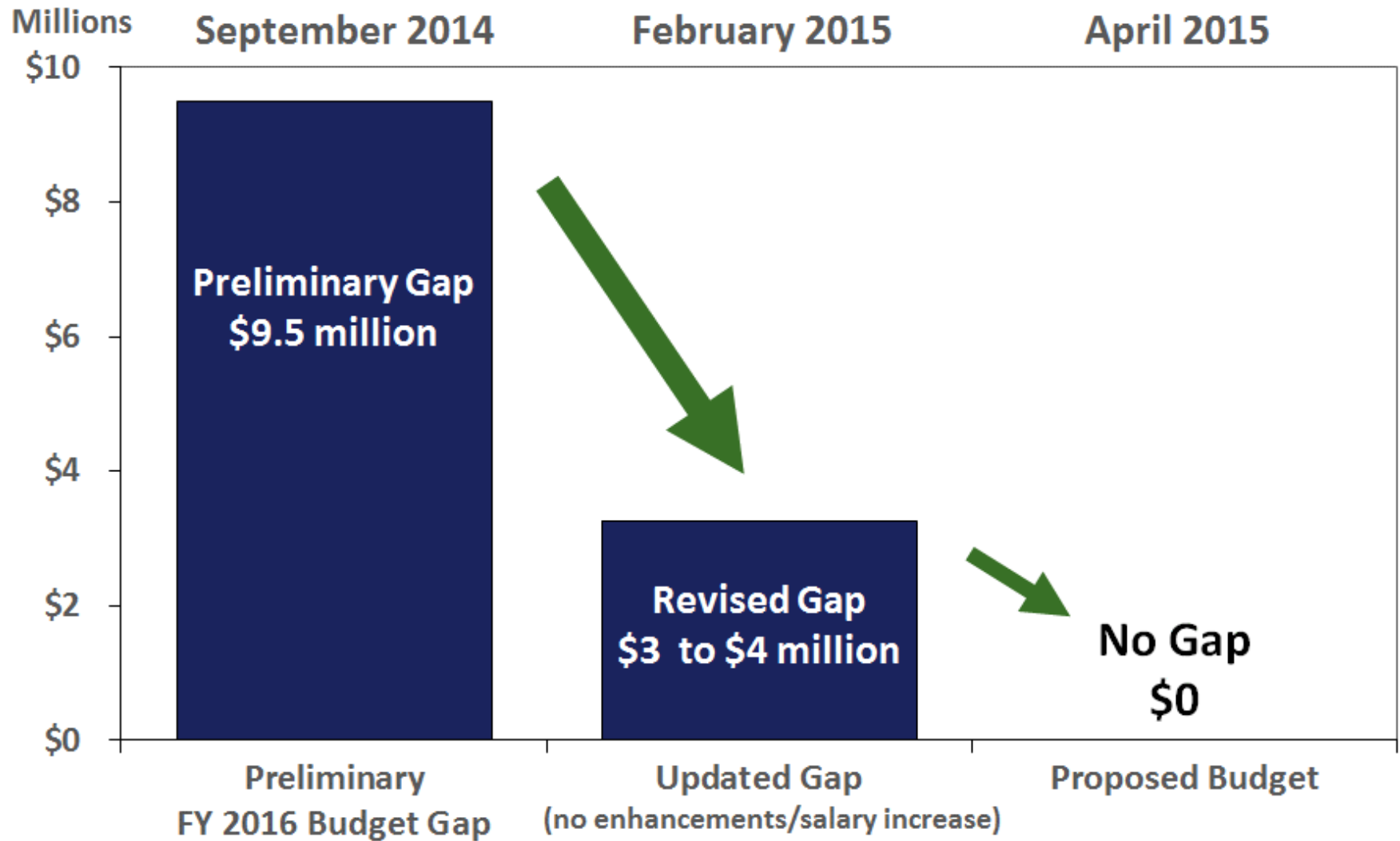
Current budget gap smaller than in previous years as a result of the budget being structurally balanced in FY 2015

Preliminary Budget Gaps
(does not include Norfolk Public Schools)



FY 2016 Preliminary Budget Gap

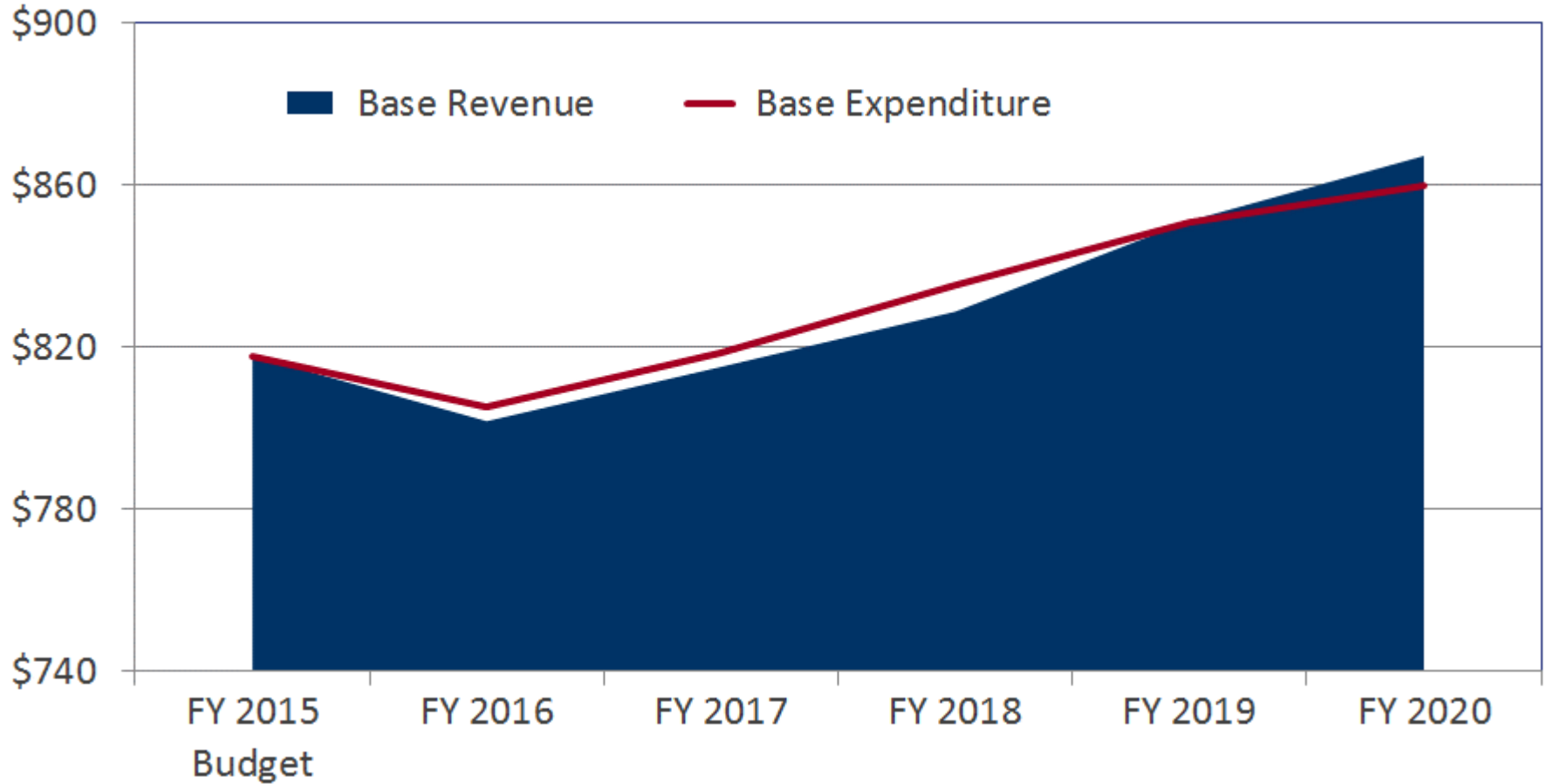
Updated budget gap with refined estimates, no enhancements and no salary increase



Preliminary Five-Year Outlook

Although the base budget gap decreases in the outyears, it does not reflect additional salary increases

Millions



Ongoing Priorities

- Financial Stability
- Compensation (“Employer of Choice”)
 - Attract, retain, motivate and develop (ARMD) Initiative
- Economic Vitality and Workforce Development
 - Focused workforce and economic development strategy
 - Increase economic development
- Healthy Neighborhoods
- Poverty Commission

Council Strategy Discussion, Direction and Setting Priorities for the FY 2016 Budget